

Message Text

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PAGE 01 SEOUL 03381 240832Z
ACTION EA-12

INFO OCT-01 ISO-00 SS-15 AGRE-00 EB-08 HA-05 L-03
AID-05 IO-13 H-01 CIAE-00 INR-10 NSAE-00 DODE-00
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PASS AID AND USDA/OGSM-HARRISON

E.O. 11652: N/A
TAGS: EAGR, EAID, SHUM, KS, US
SUBJECT: LONG-TERM AGRICULTURAL SUPPLY ARRANGEMENT

REF: A. STATE 98791; B. STATE 27405

1. REF. B AUTHORIZED US TO REPLY TO DEPUTY PRIME MINISTER'S LETTER OF NOVEMBER 28 BY WHATEVER MANNER WE THOUGHT BEST. WE HAVE DONE SO ORALLY, CONVEYING THE POINTS SUGGESTED. WE HAD HOPED TO BE A BIT MORE FORTHCOMING CONSIDERING STAKES INVOLVED. AS A SECOND BEST, WE WOULD SUGGEST AT LEAST ANSWER TO NAM IN WIRTING EMOBDYING SUBSTANCE OF ORAL POINTS AUTHROIZED, ALONG THE FOLLOWING LINES:

2. QUOTE. DEAR MR. MINISTER: THANK YOU FOR YOUR LETTER OF NOVEMBER 28, 1977 CONCERNING LONG-TERM ARRANGEMENTS TO SUPPLY U.S. AGRICULTURAL COMMODITIES TO KOREA. AS YOU ARE AWARE, WE REGARD KOREA AS AN EXTERMELY IMPORTANT MARKET AND WILL MAKE EVERY EFFORT CONSISTENT WITH LEGISLATION AND OUR OVERALL INTERNATIONAL AGRICULTURAL EXPORT POLICY TO MEET YOUR NEEDS. AS AN ALLY AND AS A MAJOR SUPPLIER OF FOOD TO KOREA, WE SHARE YOUR CONCERN FOR SECURE SOURCES. WE HAVE EVERY
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DESIRE TO CONTINUE AND EXPAND OUR MUTUALLY-ADVANTAGEOUS AGRI-CULTURAL TRADE.

(PARA) IN THIS RESPECT, WE HAVE EVERY INTENTION OF CONTINUING TO MAKE ADEQUATE AMOUNTS OF COMMODITY CREDIT CORPORATION CREDITS AVAILABLE. BECAUSE CCC POLICY AND BUDGET ALLOCATIONS ALLOW EXTENSIONS OF CREDIT ON AN ANNUAL BASIS ONLY, PARTICU-

LAR LEVELS OF CCC FINANCING MUST BE DETERMINED ACCORDING TO THE CIRCUMSTANCES EACH YEAR. HOWEVER, I THINK IT IS SIGNIFICANT THAT LARGE AMOUNTS OF CCC CREDITS HAVE BEEN MADE AVAILABLE TO YOUR COUNTRY IN THE PAST, AND WE HAVE EVERY EXPECTATION OF BEING ABLE TO CONTINUE TO DO SO.

(PARA) REGARDING TITLE I PL 480 ASSISTANCE, WE INTEND TO FULFILL THE COMMITMENT TO KOREA UNDER THE KENNEDY UNDERSTANDING. IT IS NOT OUR INTENTION AFTER COMPLETION OF THAT COMMITMENT TO STOP TITLE I ASSISTANCE AUTOMATICALLY. WE WOULD GIVE FULL CONSIDERATION TO FURTHER REQUESTS WITHIN THE LIMITS IMPOSED BY THE BUDGET AND LEGAL REQUIREMENTS, SUCH AS, THE NECESSITY TO PROGRAM 75 PERCENT OF FOOD AID TO POORER NATIONS. WE WOULD ALSO PROBABLY HAVE TO CONSIDER HARDER TERMS IN VIEW OF KOREA'S RAPID ECONOMIC PROGRESS AND THE SUBSTANTIAL IMPROVEMENT IN ITS BALANCE OF PAYMENTS.

(PARA) IN THIS CONNECTION, I WOULD SUGGEST THAT OUR TWO GOVERNMENTS DISCUSS KOREA'S NEEDS FOR AGRICULTURAL IMPORTS AND THE AVAILABILITY OF FINANCING SUFFICIENTLY EARLY EACH YEAR SO THAT APPROPRIATE ACCOUNT CAN BE TAKEN IN YOUR BUDGET PLANNING AND IN OUR OWN.

(PARA) LOOKING AHEAD TO 1979, IT APPEARS TO US IN THE EMBASSY AS IF THERE SHOULD BE NO TROUBLE SUPPLYING YOUR NEEDS FROM THE U.S., BASED ON THE FIGURES GIVEN IN YOUR LIMITED OFFICIAL USE

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LETTER. WE HAVE TENTATIVELY PLANNED PL 480 IN THE AMOUNT OF \$56 MILLION AND HAVE ASKED THE CONGRESS TO APPROVE THAT AMOUNT IN THE FY 79 BUDGET. EVEN WHEN APPROPRIATED, HOWEVER, THIS AMOUNT MAY BE SUBJECT TO REDUCTION BECAUSE OF CHANGES IN YOUR NEEDS AND THOSE OF OTHER COUNTRIES. CCC CREDIT IN PARTICULAR AMOUNTS FOR EACH COUNTRY DO NOT REQUIRE SPECIFIC CONGRESSIONAL AUTHORIZATION AND WE ASSUME THE CONGRESS WILL AUTHORIZE TOTAL AMOUNTS FOR OUR DEPARTMENT OF AGRICULTURE WHICH WOULD PERMIT US TO FINANCE AMOUNTS SIMILAR TO WHAT WE HAVE DONE IN THE LAST TWO YEARS.

(PARA) I HOPE THAT THE PROCEDURE SUGGESTED HERE WILL PROVE ACCEPTABLE AND THAT WE CAN CONTINUE TO WORK CLOSELY IN COMING YEARS ON SUCH A BASIS. IF YOU HAVE ANY QUESTION OR SUGGESTIONS TO MAKE, I WOULD BE MOST AHPPY TO DISCUSS THEM. WITH WARM REGARDS, SINCERELY. END QUOTE.
SNEIDER

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